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CIA No. 4993
19 OCT 1967

Mr. Rauer H. Meyer, Director
Office of Export Control
Department of Commerce
Washington, D. C.

Dear Mr. Meyer:

In response to your request of 19 June 1967, I am enclosing five copies of a report entitled "Level of Technology and Production of Semiconductors in the USSR and East Europe." The report is a product of the joint efforts of our Office of Economic Research and Office of Scientific Intelligence and represents the views of these offices as of 15 October 1967.

Any questions or comments concerning the enclosed report may be directed to the Trade Policy Support Staff of the Office of Economic Research, [redacted]

25X1

Sincerely,

25X1A

[redacted]
Acting Director
Economic Research

Enclosures:
As stated

[redacted]
25X1A

State Dept. review completed

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DEPARTMENT OF STATE

Washington, D.C. 20520

October 11, 1967

Mr. William N. Morell, Jr.
Director, Economic Research
Central Intelligence Agency
Washington, D. C. 20505

Dear Bill:

I am of course greatly interested in the study you propose on the effects of Yugoslavia's import liberalization program. As you may know, the Yugoslav Embassy here indicated to us recently that the Skupstina's deliberations this fall, billed as "refinements" of the foreign trade system, are intended to result in further changes to make trade (both exports and imports with the Communist countries even less attractive.

I wonder, too, whether your study will encompass the effects of internal price liberalization, which are surely connected with the import liberalization. In this connection, we have often asked ourselves how seriously do administrative price controls affect economic activity, and is there any way of measuring the likely effects of any particular set of constraints? Do we have enough information, for example, to construct a reasonably comprehensive set of dinar-dollar ratios, with some indication of the proportion of Yugoslav exchange transactions affected by each, so that we could get some notion, through a weighted average, of the degree of distortion (or at least the degree of divergence from American or other market-economy price patterns)? Would it be possible, if that could be done, to estimate the likelihood of decisions which would have been different, if a more rational set of price relatives were in effect?

More strictly on your subject, we would also doubt that foreign trade will in fact be free by 1970, though no doubt the tendency will be in that direction--barring

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droughts, floods, or other natural or man-made catastrophes. But we wonder if the Yugoslavs won't be able to manage their balance of payments problems in the traditional way, yet once more--by funding them?

We will look forward with interest to the results of your deliberations.

Sincerely,



Raymond E. Lisle
Director for Relations
with Eastern Europe

CONFIDENTIAL

13 October 1967

STATINTL



As per conversation with Mr.
Morell about a half hour ago.

mb - 12:25 pm

att: Persey of Leslie ltr.

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Minnie: Mr. Morell called [redacted] office re Lisle letter (after Mr. Morell spoke to [redacted] then carried down a copy of the Lisle letter as Mr. Smith has not read it yet - still on his desk with note from [redacted] When Mr. Smith reads it, he will return it to us together with our yellow file copy of outgoing which is attached. (Bev and Toni are both on the lookout for this.)

STATINTL